

Committee on Ways and Means

Social Security: Responses to Democratic Myths

DEMOCRATIC MYTH	THE FACTS
<i>“Raiding” Trust Fund</i>	
The Republicans’ budget spends hundreds of billions of dollars from the Social Security Trust Funds on tax cuts and other programs.	<ul style="list-style-type: none"> • Seniors will continue to receive every penny of their promised benefits. • The trust fund does not contain cash to raid. The trust fund is credited with interest bearing Treasury securities. It is legally impossible to use these Treasury bills for anything other than Social Security benefits or program administration -- that’s the law.
<i>Tax Cuts</i>	
For the same cost as the tax cut, Republicans could have saved Social Security.	<ul style="list-style-type: none"> • Enhanced economic growth, savings and productivity, achieved through lower taxes, are among the best ways to prepare for the wave of baby-boomer retirements. Moreover, tax hikes or general revenue transfers aren’t fair and are not a sustainable solution for Social Security.
<i>Voluntary Personal Accounts</i>	
Republicans want to “privatize” Social Security.	<ul style="list-style-type: none"> • No Republican plan “privatizes” Social Security. Such mistruths are intended to scare seniors. Under any plan, the Social Security Administration would continue to serve the public and send out checks, just as it always has.
Privatization means workers’ benefits will depend on risky private accounts.	<ul style="list-style-type: none"> • Social Security is at risk today because it WILL NOT have enough money to pay full benefits without benefit cuts or tax increases. • <i>Voluntary personal</i> accounts minimize risk by offering safe, diversified investments, which provide a floor of protection for low-wage workers, or even guarantee current law benefits regardless of the account’s investment performance- eliminating individual investment risk.
Women and minorities are hurt by Republican efforts to create private accounts.	<p>WRONG –<i>voluntary personal</i> account proposals would:</p> <ul style="list-style-type: none"> • Protect features women and minorities most rely on: COLAs, lifetime benefits, progressive benefit formula, survivor and disability benefits; • Increase widows’ benefits and provide minimum benefits to protect women and low-wage workers; • Split accounts equally between man and wife at divorce; • Provide the ability to build inheritable wealth, which is especially important to African Americans who tend to have a lower life expectancy that can prevent them from collecting full retirement benefits.
<i>President’s Commission</i>	
The Commission’s plans cost trillions of dollars, cut benefits, and still leave Social Security insolvent in the long-term.	<ul style="list-style-type: none"> • Plans with personal accounts improve Social Security benefits and financing. • Social Security has a \$25 trillion financial shortfall. Any plan will require a transition investment to help close that gap. Social Security scorekeepers confirm that plans with personal accounts help save Social Security at a lower cost by utilizing the higher rates of return. These higher rates of

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	<p>return reduce the amount of general revenue (i.e. taxpayer dollars) needed to finance Social Security benefits.</p> <ul style="list-style-type: none"> • The Commission's plans would provide benefits larger than those received by today's retirees and ultimately greater than what is payable under the current system.
The President's Commission offered plans that would cut benefits for disabled individuals and survivors.	<ul style="list-style-type: none"> • The Commission did not recommend cutting disability benefits – it specifically said it was not making recommendations on disability benefits. • The Commission actually improved widows' benefits by allowing widows to collect 75% of the couple's benefit, rather than the 50-67% available under current law.
House Republicans voted to support the White House's privatization commission.	<ul style="list-style-type: none"> • House Republicans voted to allow the President's Commission to complete its work without prejudice. • During the Treasury Appropriations debate July 25, 2001, Rep. Filner offered an amendment prohibiting the use of funds to implement recommendations of the bipartisan President's Commission. He offered this amendment before the Commission had either developed or published its recommendations. • Republicans voted against the amendment because we needed to allow the President's Commission to complete its important mandate (vote #273).
Discharge Petition	
Republicans fear a political backlash and want no debate until after the election.	<p>Republicans are promoting open and honest debate on Social Security. Several Republicans, including Chairman of the Ways and Means Subcommittee on Social Security, Clay Shaw (R-FL), have introduced proposals to save Social Security. Democrat leadership, in contrast, has only pursued political schemes to scare seniors and divert attention from the fact they have no plan.</p>
Democrats are trying to force a full and open debate on Social Security on the House floor.	<p>The Democrats' discharge petition is a sham and is just one more in a long line of political gimmicks intended to scare seniors. Democrats are unwilling to offer their OWN solutions because they don't have any viable ideas. They simply demagogue our proposals and waste precious time.</p>
Republicans cannot be trusted to protect Social Security.	<p>House Republicans promised to protect Social Security, and they will deliver. The House overwhelmingly approved legislation to save Social Security as soon as possible without Social Security benefit cuts or Social Security tax increases. Republicans have introduced plans that would keep this promise. The Democrats' "no-plan," in contrast, would increase taxes for workers under age 23 by up to one-half, cut retirement benefits for workers 23 and younger by up to a third, or require unprecedented debt or spending cuts.</p>